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MEMORANDUM

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TO: Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division

2006 APR 19 A 9:28

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: April 19, 2006

RE: STAFF ACTION RELATED TO THE NOTICE OF INTENT OF SANTA CRUZ WATER COMPANY AND PALO VERDE UTILITIES COMPANY TO TRANSFER A PORTION OF THE MEMBERSHIP INTEREST IN GLOBAL WATER RESOURCES, LLC. DOCKET NOS. W-03576A-06-0103 AND SW-03575A-06-0103

Background

On February 18, 2006, Santa Cruz Water Company and Palo Verde Water Company (collectively "Global Subsidiaries") filed with the Arizona Corporation Commission ("Commission") a Notice of Intent to transfer a small portion of the membership interests in their parent, Global Water Resources, LLC ("Global") to existing Global officers or key management personnel. Pursuant to Decision Nos. 67240 and 67830, the Global Subsidiaries were required to "notify the Commission of any proposed change in the ownership of their respective membership interests (including transfer or additional memberships), *prior to execution*, through filing of a Notice of Intent..."¹

The Global filing indicates that an ownership transfer has already taken place and that "due to an oversight, this Notice of Intent is being provided subsequent to the actual transfer." The filing also indicates that "If the Commission takes no action within 60 days after filing, the proposed transaction is permitted to proceed without approval."

Staff Action

Staff notes that the Commission has had prior concerns regarding Global's owners. It is Staff's intent to conduct a thorough review of the timing of the ownership transfer, the conditions under which Global failed to report the ownership change, and the fitness of the new members. Staff will issue its first set of data requests in the near future.

This memorandum should be considered the Commission's action to prevent the ownership change from taking place "without approval". Staff anticipates that its review will be completed and a Staff report issued on or before June 30, 2006.

EGJ:JJD:tdp

Originator: James J. Dorf

¹ Emphasis added.

Service List for: Santa Cruz Water Company & Palo Verde Utilities Company
Docket Nos. W-03576A-06-0103 & SW-03575A-06-0103

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